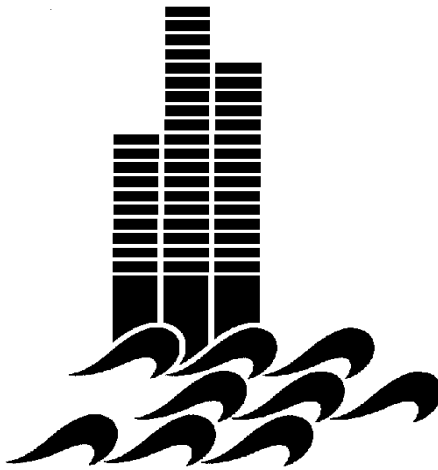


City of Long Beach



REQUEST FOR PROPOSAL

For

**Professional Consulting Services
Workers' Compensation Administration**

May 12, 2003

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| Release Date: | May 12, 2003 |
| Pre-Proposal Meeting: | May 22, 2003 9:30 –11:00AM |
| Submittal Deadline: | June 16, 2003 |
| Vendor Interviews: | July 10, 2003, 8:30-11:00AM |

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REQUEST FOR PROPOSAL

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The City of Long Beach has established a management level committee tasked with evaluating ways in which to reduce the cost of Workers' Compensation. Members of the committee come from the following offices: City Attorney, City Auditor, City Manager, Human Resources, Financial Management, and Health. The Committee desires to engage the services of a professional consulting firm to provide assistance in evaluating the City's Workers' Compensation program, Occupational Health functions, and related Risk Management programs. The services are anticipated to commence on or about August 2003 and extend for a period of three months.

1. INTRODUCTION

The City of Long Beach is the fifth largest city in the state of California with a population of 461,522; it employs more than 6,000 full and part-time personnel in 22 departments and offices throughout the City. In addition to the usual municipal services of police, fire, public works, library, and parks and recreation, the City of Long Beach owns and operates a leading deep-water port, offshore and onshore oil productions, a gas utility, a water utility, refuse collection, a convention and entertainment center, two historic ranchos, a commercial airport, marinas and golf courses.

The City's Risk Management and Workers' Compensation functions are currently administered through the joint involvement and cooperation of the City Attorney's Claims Office, Human Resources, Risk Management, Occupational Health, and individual City departments; the City is self-insured for Workers' Compensation.

The City's structure is unique because it has Occupational Health Services within the Department of Health and Human Services, staffed by City employees (Two full time physicians, two full time RNs, an x-ray tech, and 2.5 full time clerks.) The clinic is dedicated to providing care to City of Long Beach employees for work-related injuries/illnesses as well as a variety of other functions.

In addition to treating industrial injuries, the Occupational Health clinic provides the following services: Pre-placement physicals (including several

police and fire classes each year), fitness for duty exams, Department of Transportation exams, random drug and alcohol testing, reasonable suspicion assessments, surveillance/OSHA required periodic physicals, disability retirement exams, consultation to departments regarding medical issues, monthly case reviews with risk management, workers' comp & city attorney, bioterrorism protection of employees, ADA compliance & workplace accommodation issues, and consultation with legal departments/expert witness testimony.

In fiscal year 2001-2002 there were 1,026 new workers' compensation claims filed and the City paid \$1,839,451 in indemnity benefits and \$1,492,403 in medical benefits. Of those 1,026 claims the City delayed a decision on 317 of the claims and ultimately denied 181 of the claims.

Over the last three years the City has averaged 1,010 claims per year and the average cost per claim has been \$3,652 in indemnity payments and \$3,085 in medical benefits.

A workers' compensation claim is first reported to the supervisor in the employee's department who refers the injured employee to Occupational Health. The supervisor gives the claim form to the employee. Occupational Health completes the Doctor's First Report of Injury and either provides medical treatment for the injury, refers the employee to a pre-designated physician or to an outside specialist.

The workers' compensation claims office receives notice of the claim from the department, the Occupational Health Clinic, the employee or from an attorney if the first notice is by an application for adjudication of claim. Once the claims office receives such notice the newly reported claims are distributed alphabetically by last name. Each claims examiner is responsible for a portion of the alphabet. New claims are reviewed by each respective examiner for type, complexity, and compensability. Medical only claims and short-term disability claims are referred to a Claims Assistant for further handling. All new case make-ups are reviewed by the Claims Manager.

If a claim is questionable, delay notices are sent and investigation is immediately begun.

The claims office is responsible for the provision of state and city workers' compensation benefits. It also monitors the claims and manages the medical treatment and initiates vocational rehabilitation.

Once an employee litigates his/her workers' compensation claim, it is referred to the workers' compensation legal section of the City Attorney's office. All litigation is directed by one of the three staff attorneys. The attorneys are

available for consultation on non-litigated cases. The attorneys, along with the claims office, also advise the various departments who have questions regarding workers' compensation issues.

2. SCOPE OF WORK

A. Project Description and Overview

The goal of this project is to determine if there are opportunities to reduce costs and improve effectiveness in the Workers' Compensation program and Risk Management functions. Therefore, the City seeks an expert to evaluate and make best practices recommendations in all areas of the program, including but not limited to the following:

1. Organization Structure

Determine whether the City's multi-department organizational structure used to administer Risk Management and Workers' Compensation is efficient. Identify duplication or gaps in organizational processes and outline possible alternative structures. This evaluation should include an examination of the strengths, weaknesses, and opportunities relating to privatizing all or part of the in-house program. Other factors to consider include:

- Administration of the Risk Management program, including placement of risk management responsibilities, safety and prevention programs, personnel and budget requirements, reports to management, and record keeping. Identify best practices in the public agency sector.
- Identify criteria and standards upon which the risk management function should be evaluated at the departmental level.
- Workers' Compensation Actuarial Evaluation
 - Actuarial estimate of unpaid liability for existing claims.
 - Projection of claim cash flow for upcoming fiscal year.
 - Recommendation for funding guidelines for future years.
- Workers' Compensation Cost Allocation System Design
 - Evaluation of current methodology of allocating workers' compensation costs to departments and recommendations for improvements considering such factors as:
 - Comprehensibility
 - Stability in year-to-year costs
 - Adjustability for changes in actual versus budgeted wages
 - Development of internal rates according to best practices

- Ease of Administration by City staff using available information and technology.
- Workers' Compensation Claims Management Automated System
 - Review the current system
 - Make recommendations for system replacement
- Civil Service regulations and their impact on the Workers' Compensation process.

2. Management and Procedures

Determine whether the procedures which departments and employees must follow after a work-related illness or injury are efficient and whether there is adequate oversight and management of the process. Determine and identify what improvements can be made, best practices, and procedures that would minimize City costs and improve efficiency of operations. Areas of scrutiny should include:

- Deficient procedures and/or weakness in the processing of the City's Workers' Compensation claims, including return to work programs, use of nurse case managers, average number of days used to investigate delayed claims, interdepartmental communications, etc.
- Overall claims administration including receiving and routing mail, file set-up, diary system, cost containment, use of computers and data processing, as well as efficiency of paper-flow.
- Address the unique requirements necessitated by specific job functions including, but not limited to:
 - Police
 - Fire
 - Refuse collection
 - Utilities
 - Office environments
 - General maintenance
- Procedures for meeting critical deadlines, such as payments, delay and/or denial of claims, subrogation notices, receiving of Employee Claims Forms (ECF) from departments, and others.
- Process for setting periodic review of case reserves, including reasonableness of case reserves.
- Procedures to avoid making duplicate payments of medical, legal, and/or other benefit payments.
- Procedures to collect or take credit for overpaid permanent disability.
- Procedures to reduce cost of litigated cases, including legal fees.
- Compliance with workers' compensation laws and regulations.

- Caseload and staffing for claims examiners and assistants.
- Condition of case files, including adequacy of documentation.
- Effectiveness of supervision and monitoring of claims examiners and assistants.
- Percent of presumptive cases litigated versus those successfully defended by the City.
- Use of subrosa, costs of subrosa, and whether or not it has helped reduce claim costs.
- Process for claims review.
- Effect of Health Insurance Portability & Protection Act (HIPPA) on Occupational Health and Workers' Compensation Claims handling.
- Cost-benefit analysis of the City return to work programs, both permanent and temporary.
- Other elements as recommended by the consultant.
- Citywide communications and coordination of the Workers' Compensation process.
- Deficient procedures/and or weaknesses in the processing of the City's Safety Program.
- Procedures to investigate accidents and transmittal of information to Workers' Compensation.
- Safety training administration and compliance with training program by departments.

3. Benefits Provided

Determine whether Workers' Compensation benefits paid by the City are inadequate, adequate or excessive. Compare the City's benefits with those of other cities and governmental agencies, and with existing legal requirements. Make recommendations based upon best practices in the industry.

4. Evaluation of Current Occupational Health Functions

Determine whether Occupational Health is being properly utilized in pre-employment screening, physical examinations, and injury oversight. Define best practices in other similar organizations. In addition, include these functions in the organizational structure and contracting discussion in Section 1 above. Also consider the following:

- Optimize use of new computer software system – Occupational Health Manager (OHM) – for data compilation, case management, and day-to-day efficiency.
- Analyze best use of Occupational Health resources for case management and interfacing with external treating MDs. Use of

nurse case managers vs Occupational Health nurses vs. the OHM program. A method is needed for tracking Teletype for the Deaf (TTD) time and triggers for case management interventions.

- Compare City's procedures with other cities and corporate medical departments regarding the use of an onsite medical clinic for non-occupational issues.
- Evaluate retention/disability exam process. Compare to other similar entities (government or corporate).

5. Resources Currently Invested in Prevention, Training, Claims Administration, Program Management and Occupational Health

Determine what investment in manpower, materials, and services the City should be making in safety prevention and training, risk management, claims administration, and occupational health functions. How does the City of Long Beach compare to similar organizations?

- Appropriate staffing for the City Safety Office compared with best practices of like-sized cities.

6. Legislation

The California Workers' Compensation environment is driven to some extent by existing legislation. Provide a discussion of suggested legislative changes that could result in lowering costs. References to particularly successful programs in other states would also be appropriate.

B. City Responsibilities:

- 1) Provide or make available upon request reports, documents, records and other data deemed useful for project development.
- 2) Provide access to the data and analysis compiled by the various affected City departments. Selected City staff will also be available to assist in additional data collection.
- 3) Provide project administration through a management position designated by the City Manager's Office. Contact will act as the project focal point for reporting to the Workers' Compensation Committee.

REQUIREMENTS FOR SERVICES

Each person or entity submitting a proposal must have the capability to provide the full range of required services as detailed in the Scope of Work for

this RFP. If a team submits a proposal, one person or entity must be designated as the lead.

Previous professional work in the subject areas will be a heavily weighted factor in the selection process. Quality of performance on previous contracts, ability to meet project schedules and budgets, ability to communicate well with both field staff and office personnel will be some of the attributes and factors considered.

All proposals shall include the following information:

1. Legal name of person or entity, address, telephone number, and fax number.
2. Year you began performing consulting services.
3. Current number of personnel and the high and low variations during the last five years.
4. Description of the structure of the proposer (i.e., whether an individual, partnership, corporation, joint venture, etc.).
5. Current annual dollar volume of work.
6. A list of contracts that you have had with the City of Long Beach during the past five years.
7. The identification of the principal contact with the City.
8. The name, address, and telephone number of the person to whom correspondence should be directed.
9. A representative listing of clients that have received similar services as described in this RFP.
10. References that the City of Long Beach may contact concerning your performance on other similar contracts.
11. If a Disadvantaged-, Minority-, or Woman-Owned Business Enterprise, the list of agencies with whom you are certified. If a DBE, MBE, or WBE and not certified, please indicate such.
12. The names and titles of the individuals that will be assigned to this project along with their resumes.

3. SCHEDULE OF RFP EVENTS

The City reserves the right to amend, withdraw, and cancel this RFP. The City reserves the right to reject all proposals at any time prior to execution of a contract. The City reserves the right to request or obtain additional information about any and all proposals. The City seeks to select the consultant on or about **July 21, 2003**. In preparation for that action, the following schedule of events has been established:

- Pre-Proposal meeting: **Thursday, May 22, 2003, 9:30 – 11:00 a.m.**

Main Library Auditorium
Lower Level
Long Beach Public Library
101 Pacific Avenue

Please R.S.V.P. your planned attendance to Karen Hester at 562-570-6405

- Written questions will be accepted and responses will be made available to all bidders.
- **Statements of Qualifications and Proposals are due no later than Monday, June 16, 2003 at 4:00 p.m.** Submittals received after the time and date specified will be rejected. No e-mail submittals will be accepted.
- Notification of the top ranked proposers, if more than one, for oral interview: by **Monday, June 23, 2003**, 4:00 p.m.
- Top ranked proposer oral interviews planned for:

Thursday, July 10, 2003
Long Beach City Hall
333 West Ocean Boulevard
Long Beach, CA 90802

All requests for clarifications, changes, exceptions or deviations to the Scope of Work or terms and conditions set forth in this RFP must be submitted to:

Suzanne Mason
Acting Deputy City Manager
333 West Ocean Boulevard
13th Floor
Long Beach, CA 90802

Phone: (562) 570-5092
FAX: (562) 570-7650
Email: sumason@longbeach.gov

The City will respond to all written questions by issuing a written addendum, which will be emailed to all proposers who register a request for such addendum.

4. PERIOD OF PERFORMANCE

Performance under a contract awarded pursuant to this RFP is intended to commence on or about **August 1, 2003** and extend for a period of three months. The City reserves the right to modify the composition of and the scope of services of this project.

The services are subject to performance and termination sections described in Appendix A: Additional Terms and Conditions/Consultants

5. STATEMENT OF QUALIFICATIONS AND PROPOSAL

Ten (10) bound copy sets of the Statement of Qualifications and Proposal, including one set containing an original signature, must be submitted no later than **Monday, June 16, 2003, at 4:00 p.m.** Proposals received after this time will not be accepted and will be returned unopened. All proposals should be submitted to:

Suzanne Mason, Acting Deputy City Manager
City of Long Beach
333 West Ocean Boulevard, 13th Floor
Long Beach, CA 90802

Re: Workers' Compensation RFP

6. COST OF RFP PREPARATION

The City shall not be liable for any pre-contractual expenses incurred by any proposer or by any selected consultant. Each proposer shall protect, defend, indemnify, and hold harmless the City from any and all liability, claims, or expenses incurred by, or on behalf of, the person(s) and entities participating in the preparation of its response to this RFP. Pre-contractual expenses are defined as expenses incurred by proposers and the selected consultant, if any, in:

- Preparing Statement of Qualifications and Proposals and related information in response to this RFP.
- Negotiations with the City on any matter related to this procurement.
- Costs associated with interviews, meetings, travel or presentations.
- All other expenses incurred by a proposer/consultant prior to the date of award and a formal notice to proceed.

7. WITHDRAWAL OF STATEMENT OF QUALIFICATIONS AND PROPOSAL

Statement of Qualifications and Proposals may be withdrawn by written notice received by the City at any time prior to the submittal deadline.

8. GENERAL TERMS AND CONDITIONS

Appendix A contains a copy of the anticipated pro forma contract (Agreement). Each prospective consultant is expected to review the general terms and conditions and acknowledge their acceptance of Appendix A in the Proposal Cover letter (or their objections to specific parts of Appendix A) as a mechanism to expedite the contract negotiation process. The City reserves the right to further clarify the terms and conditions. The intent of the City is to enter an agreement with the selected consultant as soon as possible. In the event of a delay in reaching a contract, the RFP shall be valid for 120 days after submittal of the Statement of Qualifications and Proposal.

9. KEY PERSONNEL

The City reserves the right to approve all key personnel individually for work on this contract. The proposal must identify the Project Manager and all proposed

key personnel. The Statement of Qualifications and Proposal shall include a table of the key personnel (those who report directly to the Consultant Project Manager) including their percentage availability throughout the Agreement's duration.

All key staff shall be named in the proposal. After the contract is signed, the proposer may not replace key staff without written approval by the City. The City must approve replacement staff before a substitute person is assigned to the team. City reserves the right to request that the proposer replace a staff person assigned to the contract should the City consider such a replacement to be for the good of the project. Replacement staff will be subject to City approval prior to assignment to the team.

10. OFFICE LOCATION/TRAVEL

It is not the City's intention to house consultant's personnel in City facilities; however, workspace necessary for acquiring information will be made available. The City does not intend to reimburse the Consultant for personnel relocation under this contract. Specialty staff identified in the proposals that are needed for specific assignments on this contract may, with advance City approval, be eligible for reimbursement for normal costs associated with travel outside their home office.

11. CONTRACT TYPE, OVERHEAD RATE AND FEE

The proposed fee for this contract will be based on a fixed hourly rate subject to an overall contract cap. The rates will be fixed for the duration of the Agreement. Payment will be made according to an agreed schedule of deliverables.

12. NEGOTIATIONS AND AWARD

Proposals will be evaluated by a panel comprised of City staff from relevant departments and/or bureaus. The City will negotiate with the person or entity whose Proposal and Statement of Qualifications best meet the needs of the City. These negotiations will address a fair and reasonable price for services to be provided and the terms of any contract to be awarded as a result of this RFP. If the City is unable to obtain a fair and reasonable price or cannot reach agreement regarding the terms of a contract, then the City will begin negotiations with the next entity that best meets the needs of the City.

13. PREPARATION AND FORMAT OF STATEMENT OF QUALIFICATIONS AND PROPOSAL

- Cover letter

The cover letter shall include a summary of the Proposal and Statement of Qualifications, including a brief description of the project manager and key staff. It shall make a commitment to accept the terms and conditions in the RFP and Pro Forma contract, including acknowledgment of receipt of all amendments and/or addenda to the RFP. Any requests for exceptions should be noted in the cover letter and include alternatives where applicable. Exceptions will be submitted to the City Attorney for review. Should the City Attorney determine that the exception is unacceptable, the proposal will not be considered by the selection committee.

- Project Approach

This section should demonstrate an understanding of the scope of services. It should describe the general approach, organization, and staffing. All subconsultants and their roles should be identified. The consultant shall include a matrix/summary identifying key personnel assigned to all phases of the contract, a budget, and timelines.

- Experience of Firm

Relevant experience of the proposer shall be identified. Include project descriptions and year completed and client companies. Include current client references.

Include the corporate history, years in business, size of corporation, and other documentation as deemed relevant. Include resume summaries of all proposed key staff as well as the named Project Manager.

14. EVALUATION PROCESS AND CRITERIA

A selection panel will be comprised of City staff from relevant departments and/or bureaus. Each member of the selection panel will evaluate each proposal using the evaluation criteria listed below and rank the proposals.

1. Completeness and appropriateness of written proposal.

2. Qualifications and experience of the firm and Project Manager in providing the required consulting services as described in the Scope of Work.
3. Team organization, qualifications and experience of key personnel to provide the required services.
4. Project management methodology and schedule controls.
5. References and performance record on similar projects.
6. Knowledge and understanding of project needs, issues, and approach.
7. Proposed fees.

The top ranked proposers will be invited to participate further in the selection process in an oral interview. Presenters will be expected to participate to the degree commensurate with their role in the firm's proposal. Notification to those firms invited to the oral interview will include a time limit for the presentation.

The selection panel will utilize the following criteria to rank the proposers.

1. Overall qualifications of proposed team and experience in the required areas.
2. Demonstrated prior experience with Workers' Compensation, Occupational Health, and Risk Management operations in the public and/or private sectors.
3. Project management acumen including ability to effectively work together with City staff, customers and stakeholders.
4. Oral communication/interpersonal skills.

The selection panel will determine the highest qualified firm based on the rankings of the oral interviews. Upon selection of the consultant and prior to the start of the contract negotiations, the consultant shall submit to the City the required insurance certificates.

15. NOTIFICATION OF UNSUCCESSFUL PROPOSALS

All proposers will be notified of the status of the selection.